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The Honorable Thomas S. Zilly

MAR 20 2017

AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
DEPUTY
BY

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

CHRIS YOUNG YOO,

Defendant.

NO. CR17-00075TSZ

PLEA AGREEMENT

The United States of America, by and through Annette L. Hayes, United States Attorney for the Western District of Washington, and Seth Wilkinson, Assistant United States Attorney, Defendant, CHRIS YOUNG YOO, and his attorney, Michelle Peterson, enter into the following Agreement, pursuant to Federal Rule of Criminal Procedure 11(c)(1)(B):

1. Waiver of Indictment. Defendant, having been advised of the right to be charged by Indictment, agrees to waive that right and enter a plea of guilty to charges brought by the United States Attorney in an Information.

2. The Charges. Defendant, having been advised of the right to have this matter tried before a jury, agrees to waive that right and to enter pleas of guilty to the charges of Wire Fraud in violation of Title 18, United States Code, Section 1343, as charged in Count 1 of the Information; and False Statement to the United States in violation of Title 18, United States Code, Section 1001, as charged in Count 2 of the Information.

PLEA AGREEMENT-YOO - 1
(CR 17-00075TSZ)

UNITED STATES ATTORNEY
700 STEWART STREET
SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

1 By entering these guilty pleas, Defendant hereby waives all objections to the form
 2 of the charging document. Defendant further understands that before entering his pleas
 3 of guilty, he will be placed under oath. Any statement given by Defendant under oath
 4 may be used by the United States in a prosecution for perjury or false statement.

5 **3. Elements of the Offenses.**

6 The elements of the offense of Wire Fraud in violation of Title 18, United States
 7 Code, Section 1343, are as follow:

8 First, the defendant knowingly devised or participated in a scheme or plan
 9 to defraud, or a scheme or plan for obtaining money or property by means
 10 of false or fraudulent pretenses, representations or promises;

11 Second, the statements made or facts omitted as part of the scheme were
 12 material; that is, they had a natural tendency to influence, or were capable
 13 of influencing, a person to part with money or property;

14 Third, the defendant acted with the intent to defraud, that is, with the intent
 15 to deceive or cheat; and

16 Fourth, the defendant used, or caused to be used, the interstate wires to
 17 carry out or attempt to carry out an essential part of the scheme.

18 The elements of the offense of False Statement to the United States in violation of
 19 Title 18, United States Code, Section 1001, are as follow:

20 First, the defendant made a false statement in a matter within the
 21 jurisdiction of an agency of the United States government;

22 Second, the defendant acted with knowledge that the statement was untrue
 23 and that his conduct was, in a general sense, unlawful; and

24 Third, the statement was material to the activities or decisions of the United
 25 States government.

26 **4. The Penalties.** Defendant understands that the statutory penalties for the
 27 offense of Wire Fraud, as charged in Count 1, are as follow: imprisonment for up to
 28 twenty years, a fine of up to two hundred fifty thousand dollars, a period of supervision
 following release from prison of up to three years, and a one-hundred-dollar penalty
 assessment. If Defendant receives a sentence of probation, the probationary period could

1 be up to five years. Defendant agrees that the special assessment shall be paid at or
2 before the time of sentencing.

3 Defendant understands that the statutory penalties for the offense of False
4 Statement to the United States, as charged in Count 2, are as follow: imprisonment for up
5 to five years, a fine of up to two hundred fifty thousand dollars, a period of supervision
6 following release from prison of up to three years, and a one-hundred-dollar penalty
7 assessment. If Defendant receives a sentence of probation, the probationary period could
8 be up to five years. Defendant agrees that the special assessment shall be paid at or
9 before the time of sentencing.

10 Defendant understands that supervised release is a period of time following
11 imprisonment during which he will be subject to certain restrictions and requirements.
12 Defendant further understands that if supervised release is imposed and he violates one or
13 more of its conditions, Defendant could be returned to prison for all or part of the term of
14 supervised release that was originally imposed. This could result in Defendant serving a
15 total term of imprisonment greater than the statutory maximum stated above.

16 Defendant agrees that any monetary penalty the Court imposes, including the
17 special assessment, fine, costs, or restitution, is due and payable immediately and further
18 agrees to submit a completed Financial Statement of Debtor form as requested by the
19 United States Attorney's Office.

20 **5. Rights Waived by Pleading Guilty.** Defendant understands that by
21 pleading guilty, he knowingly and voluntarily waives the following rights:

- 22 a. The right to plead not guilty and to persist in a plea of not guilty;
- 23 b. The right to a speedy and public trial before a jury of his peers;
- 24 c. The right to the effective assistance of counsel at trial, including, if
25 Defendant could not afford an attorney, the right to have the Court appoint one for him;
- 26 d. The right to be presumed innocent until guilt has been established
27 beyond a reasonable doubt at trial;

1 e. The right to confront and cross-examine witnesses against Defendant
2 at trial;

3 f. The right to compel or subpoena witnesses to appear on his behalf at
4 trial;

5 g. The right to testify or to remain silent at trial, at which trial such
6 silence could not be used against Defendant; and

7 h. The right to appeal a finding of guilt or any pretrial rulings.

8 **6. United States Sentencing Guidelines.** Defendant understands and
9 acknowledges that, at sentencing, the Court must consider the sentencing range
10 calculated under the United States Sentencing Guidelines, together with the other factors
11 set forth in Title 18, United States Code, Section 3553(a), including: (1) the nature and
12 circumstances of the offense; (2) the history and characteristics of the defendant; (3) the
13 need for the sentence to reflect the seriousness of the offense, to promote respect for the
14 law, and to provide just punishment for the offense; (4) the need for the sentence to
15 afford adequate deterrence to criminal conduct; (5) the need for the sentence to protect
16 the public from further crimes of the defendant; (6) the need to provide the defendant
17 with educational and vocational training, medical care, or other correctional treatment in
18 the most effective manner; (7) the kinds of sentences available; (8) the need to provide
19 restitution to victims; and (9) the need to avoid unwarranted sentence disparity among
20 defendants involved in similar conduct who have similar records. Accordingly,
21 Defendant understands and acknowledges that:

22 a. The Court will determine his applicable Sentencing Guidelines range
23 at the time of sentencing;

24 b. After consideration of the Sentencing Guidelines and the factors in
25 18 U.S.C. 3553(a), the Court may impose any sentence authorized by law, up to the
26 maximum term authorized by law;

27 c. The Court is not bound by any recommendation regarding the
28 sentence to be imposed, or by any calculation or estimation of the Sentencing Guidelines

1 range offered by the parties or the United States Probation Department, or by any
2 stipulations or agreements between the parties in this Plea Agreement; and

3 d. Defendant may not withdraw a guilty plea solely because of the
4 sentence imposed by the Court.

5 **7. Sentencing Recommendations.** The parties agree to jointly recommend
6 that defendant serve a custodial sentence of eighty (80) months of imprisonment.
7 Defendant understands that these recommendations are not binding on the Court.

8 **8. Ultimate Sentence.** Defendant acknowledges that no one has promised or
9 guaranteed what sentence the Court will impose.

10 **9. Sentencing Factors.** The parties agree that the 2014 Sentencing
11 Guidelines apply to this case because the offense of conviction was committed before
12 November 1, 2015 and the offense level would be higher under current guidelines. The
13 parties further agree that the following provisions of those guidelines apply:

- 14 a. A base offense level of 7, pursuant to USSG § 2B1.1(a)(1);
15 b. An 18-point enhancement pursuant to USSG § 2B1.1(b)(1)(J)
16 because the loss was between \$2,500,000, and \$7,000,000;
17 c. A 2-point enhancement pursuant to USSG § 2B1.1(b)(2)(A) because
18 the offense involved ten or more victims;
19 d. A 2-point enhancement pursuant to USSG § 2B1.1(b)(9) because the
20 offense involved a violation of a prior specific judicial order;
21 f. A 4-point enhancement pursuant to USSG § 2B1.1(b)(19) because
22 the offense involved a violation of securities law and, at that time of the offense, the
23 defendant was an investment advisor or was a person associated with an investment
24 advisor.

25 The parties agree they are free to argue the application of any other provisions of
26 the United States Sentencing Guidelines. Defendant understands, however, that at the
27 time of sentencing, the Court is free to reject these stipulated adjustments, and is further
28

1 free to apply additional downward or upward adjustments in determining Defendant's
2 Sentencing Guidelines range.

3 **10. Loss Amount.** For purposes of determining the appropriate sentence, the
4 United States and Defendant agree that the amount of loss is \$3,660,216.

5 **11. Restitution.** Defendant shall make restitution in the total amount of
6 \$3,660,216 to the following victims in the following amounts:

- 7
- 8 a. E.B. in the amount of \$431,741
- 9 b. D.C. in the amount of \$151,218
- 10 c. D.F. and E.F. in the amount of \$920,255;
- 11 d. E.F. in the amount of \$20,000;
- 12 e. E.G. in the amount of \$270,000;
- 13 f. H.J.H. in the amount of \$253,040;
- 14 g. R.H. in the amount of \$268,789;
- 15 h. E.K. in the amount of \$401,418;
- 16 i. K.K. and S.K. in the amount of \$89,500;
- 17 j. S.K. in the amount of \$67,467;
- 18 k. Y.K. in the amount of \$20,000;
- 19 l. C.K. and E.L. in the amount of \$196,606;
- 20 m. C.L. and K.L. in the amount of \$50,000;
- 21 n. D.L. and D.L. in the amount of \$119,680;
- 22 o. T.L. in the amount of \$150,000;
- 23 p. D.S. in the amount of \$210,501; and
- 24 q. Trinity Church in the amount of \$40,000.

25 The parties agree that these restitution obligations are separate from, and in
26 addition to, any financial obligations imposed in *Securities and Exchange Commission v.*
27 *Yoo*, Western District of Washington Cause No. C15-1429RAJ.

28 The restitution amounts shall be due and payable immediately and shall be paid in
accordance with a schedule of payments as proposed by the United States Probation
Office and ordered by the Court. Defendant understands that nothing in this plea
agreement prohibits victims of the scheme alleged in the Information from asking the
Court for a different amount of restitution at sentencing.

12. Statement of Facts. Defendant admits he is guilty of the charged offenses.
The parties agree on the following facts:

1 a. **Background:** Between 2006 and 2015, defendant Chris YOO was a
 2 Bellevue, Washington-based investment advisor. YOO was the majority owner and the
 3 Chief Executive Officer of Summit Asset Strategies, LLC ("SAS"), and the managing
 4 principal of two related companies—Summit Asset Strategies Investment Management
 ("SASIM") and Summit Asset Strategies Wealth Management ("SASWM").

5 b. YOO administered investment funds, including Summit Stable Value Fund
 6 ("SSVF") and Summit Strategic Opportunities Fund I ("SSOF"), which served as
 7 investment vehicles for clients of SASIM and SASWM. The SSVF and SSOF funds
 8 invested in foreign and domestic debt and equity, with a focus on investments in South
 Korea.

9 c. YOO raised capital for SSVF and SSOF by offering investors promissory
 10 notes (in the case of SSVF) or equity interests (in the case of SSOF) issued by those
 11 entities. The offering materials for these investments stated that investor funds would be
 12 deposited into a trust account overseen by a third-party custodian, and then invested in
 13 debt and equity investments through the respective fund. In the case of SSVF, the
 14 offering materials stated that the fund would pay each noteholder a fixed interest rate, and
 15 would return the noteholder's principal at the end of the term. The materials provided
 16 that SASIM would manage the funds and would be compensated for doing so through a
 management fee. The amount of the management fee was to be determined by the net
 profits of the fund (in the case of SSVF) or the total value of fund assets (in the case of
 SSOF).

17 d. **Defendant's Ponzi Scheme:** Shortly after YOO began his investment
 18 companies, YOO realized that the management fee allowed under the offering materials
 19 would be insufficient to fully fund either the investment companies' operating expenses
 20 or his own personal living expenses. To meet these obligations, beginning in September
 21 2006, and continuing through November 2015, YOO raised money from certain investors
 22 (the "Ponzi Victims") by telling them that YOO would invest their funds in SSVF, SSOF,
 23 or other investment vehicles, while planning to actually use the money to pay operating
 costs of YOO's investment companies and YOO's personal living expenses without
 investing the money in any investment vehicle.

24 e. After collecting investments from the Ponzi Victims, YOO, by means of
 25 interstate wire communications, deposited the Ponzi Victims' investment proceeds not
 26 into a trust account as represented in the offering materials, but instead into a secret bank
 27 account ("the Ponzi Account") over which YOO had signatory authority, and which
 28 YOO used to orchestrate the misuse of Ponzi Victim investor funds. After depositing
 investment proceeds from Ponzi Victims into the Ponzi Account, YOO would funnel the
 money to (1) YOO's personal accounts; (2) accounts used to pay operating expenses of

1 YOO's investment companies; and (3) make interest payments or principal redemptions
2 to other Ponzi Victims.

3 f. To conceal his misuse of investor funds, YOO sent the Ponzi Victims
4 fraudulent monthly account statements representing that the Ponzi Victims were invested
5 in SSVF, SSOF, or other investment vehicles, when in fact they were not. To further
6 conceal the scheme, YOO used the proceeds of investments from new investors to make
the scheduled interest and principal payments for earlier Ponzi Victims.

7 g. Following are examples of YOO's misuse of investor funds:

8 (i) On October 4, 2012 and October 15, 2012, YOO collected \$40,000
9 and \$12,000 from Ponzi Victims with the initials E.B. and E.Y.K.,
10 respectively. YOO deposited the funds into the Ponzi Account and
11 transferred approximately \$22,000 to his own personal account.
12 YOO used the remainder of the investment to make interest
payments to other Ponzi Victims.

13 (ii) On June 17, 2013, a Ponzi Victim with the initials R.H. provided
14 YOO with \$50,000 based on YOO's representation that the money
15 would be invested in a Summit-related investment. In fact, YOO
16 deposited the full \$50,000 into the Ponzi Account. YOO then
17 transferred \$30,000 of these funds to his own personal account, and
used the remainder of the \$50,000 to make interest payments to
other Ponzi Victims.

18 (iii) On March 7, 2014, YOO collected \$50,000 from Ponzi Victims with
19 the initials K.K. and S.K. YOO deposited the funds into the Ponzi
20 Account, transferred approximately \$29,000 to his personal account,
21 and used the remainder of the funds to make interest payments to
other Ponzi Victims.

22 (iv) On April 16, 2015, YOO collected \$150,000 from Ponzi Victim D.F.
23 after representing to D.F. that YOO would invest the money in a
24 Summit investment vehicle. YOO caused the \$150,000 check to be
25 deposited into the Ponzi Account by means of an interstate wire
26 transmission from New York to Washington. YOO then transferred
27 \$37,000 to a SASIM operating account; \$18,900 to personal
28 accounts controlled by YOO, and approximately \$73,000 to make
interest and principal payments to 11 different Ponzi Victims,
including D.F.

1 h. ***The SEC Litigation and Settlement:*** In 2014, while YOO was still
 2 operating the Ponzi scheme, the United States Securities and Exchange Commission
 3 (“SEC”) opened an investigation into YOO’s management of SSVF and SSOP. As part
 4 of the investigation, YOO was required to complete a personal financial statement under
 5 penalty of perjury. The financial statement form required YOO to disclose all bank
 6 accounts under YOO’s control since 2010. To prevent the SEC from learning of his
 7 Ponzi scheme, defendant did not disclose the Ponzi Account in response to this question.
 8 YOO listed the Ponzi Account number in response to a different question, but falsely
 9 identified the account as a relative’s trust account. Further, YOO falsely represented that
 10 recent payments made out of the Ponzi Account constituted repayments of loans made by
 11 family members, when in fact the payments were interest payments made to Ponzi
 12 Victims using the investment proceeds of other Ponzi Victims. As a result of YOO’s
 13 failure to disclose the Ponzi Account, the SEC did not discover the fraud associated with
 14 that account during its investigation.

15 i. On September 4, 2015, the SEC filed a federal complaint against YOO,
 16 SASIM and SASWM as part of a negotiated settlement between the SEC and these
 17 entities. The complaint alleged that YOO violated securities laws by, *inter alia*,
 18 overstating the value of the assets of SSVF and SSOP and, as a result, collecting
 19 management fees in excess of those authorized by the offering materials. On November
 20 6, 2015, United States District Judge Richard A. Jones entered a consent judgment
 21 permanently enjoining YOO from further acts of securities fraud. This included a
 22 specific prohibition on YOO selling any security by employing any scheme or artifice to
 23 defraud or by making any false statement of material fact. In addition, the final judgment
 24 ordered damages, civil penalties and other financial obligations against YOO in the
 25 amount of \$1,142,933.

26 j. ***The Continuation of the Ponzi Scheme:*** Following the entry of the civil
 27 judgment and injunction, YOO continued to solicit funds from additional investors based
 28 on fraudulent representations that he would use the funds to purchase legitimate
 investments. Because it was public knowledge that SSVF and SSOP were no longer
 permitted to receive investment funds, YOO solicited new money by telling investors he
 would invest their money in other financial instruments called “Rydex,” “PNR,” and “JP
 Morgan.” In fact, YOO was not authorized to sell these investments and had no intention
 of using the investors’ money to purchase them.

29 k. For example, on or about November 19, 2015, YOO solicited a \$20,000
 30 investment from a Ponzi Victim with the initials E.B. by representing to E.B. that he
 31 would invest her funds in Rydex. Defendant falsely represented to E.B. that he had
 32 communicated with Guggenheim, the administrators of the Rydex product, and that
 33 Guggenheim had agreed to accept the investment. In fact, YOO had had no
 34 communications with Guggenheim, had no authorization to sell the Rydex investment,

1 and had no intention to use E.B.'s funds to purchase such an instrument. After depositing
 2 E.B.'s \$20,000 investment into the Ponzi Account, YOO transferred the funds to his
 3 personal account, and used some of the funds to make a payment to another Ponzi
 4 Victim. Similarly, on or about November 24, 2015, YOO solicited a \$10,000 investment
 5 from a church by falsely representing to an officer of the church that the \$10,000 would
 6 be invested in Rydex.

7 1. Through the misconduct described above, YOO caused a loss of
 8 \$3,660,216 to 17 Ponzi Victims. The victims and their corresponding losses are listed in
 9 Paragraph 11.

10 **13. Non-Prosecution of Additional Offenses.** As part of this Plea
 11 Agreement, the United States Attorney's Office for the Western District of Washington
 12 agrees not to prosecute Defendant for any additional offenses known to it as of the time
 13 of this Agreement that are based upon evidence in its possession at this time, and that
 14 arise out of the conduct giving rise to this investigation. In this regard, Defendant
 15 recognizes the United States has agreed not to prosecute all of the criminal charges the
 16 evidence establishes were committed by Defendant solely because of the promises made
 17 by Defendant in this Agreement. Defendant agrees, however, that for purposes of
 18 preparing the Presentence Report, the United States Attorney's Office will provide the
 19 United States Probation Office with evidence of all conduct committed by Defendant.

20 **14. Acceptance of Responsibility.** The United States acknowledges that if
 21 Defendant qualifies for an acceptance of responsibility adjustment pursuant to USSG
 22 § 3E1.1(a), and if the offense level is sixteen (16) or greater, his total offense level should
 23 be decreased by three (3) levels pursuant to USSG § 3E1.1(a) and (b), because he has
 24 assisted the United States by timely notifying the authorities of Defendant's intention to
 25 plead guilty, thereby permitting the United States to avoid preparing for trial and
 26 permitting the Court to allocate its resources efficiently.

27 **15. Breach, Waiver, and Post-Plea Conduct.** Defendant agrees that if
 28 Defendant breaches this Plea Agreement, the United States may withdraw from this Plea
 Agreement and Defendant may be prosecuted for all offenses for which the United States

1 has evidence. Defendant agrees not to oppose any steps taken by the United States to
2 nullify this Plea Agreement, including the filing of a motion to withdraw from the Plea
3 Agreement. Defendant also agrees that if Defendant is in breach of this Plea Agreement,
4 Defendant has waived any objection to the re-institution of any charges in the
5 Information that were previously dismissed or any additional charges that had not been
6 prosecuted.

7 Defendant further understands that if, after the date of this Agreement, Defendant
8 should engage in illegal conduct, or conduct that is in violation of his conditions of
9 (examples of which include, but are not limited to: obstruction of justice, failure to appear
10 for a court proceeding, criminal conduct while pending sentencing, and false statements
11 to law enforcement agents, the Pretrial Services Officer, Probation Officer, or Court), the
12 United States is free under this Agreement to file additional charges against Defendant or
13 to seek a sentence that takes such conduct into consideration by requesting the Court to
14 apply additional adjustments or enhancements in its Sentencing Guidelines calculations
15 in order to increase the applicable advisory Guidelines range, and/or by seeking an
16 upward departure or variance from the calculated advisory Guidelines range. Under
17 these circumstances, the United States is free to seek such adjustments, enhancements,
18 departures, and/or variances even if otherwise precluded by the terms of the plea
19 agreement.

20 **16. Waiver of Appeal.** As part of this Plea Agreement and on the condition
21 that the Court imposes a custodial sentence that is within or below the Sentencing
22 Guidelines range (or the statutory mandatory minimum, if greater than the Guidelines
23 range) that is determined by the Court at the time of sentencing, Defendant waives to the
24 full extent of the law:

25 a. any right conferred by Title 18, United States Code, Section 3742 to
26 appeal the sentence, including any restitution order imposed; and
27
28

1 b. any right to bring a collateral attack against the conviction and
2 sentence, including any restitution order imposed, except as it may relate to the
3 effectiveness of legal representation.

4 Furthermore, this waiver does not preclude Defendant from bringing an
5 appropriate motion pursuant to 28 U.S.C. 2241, to address the conditions of his
6 confinement or the decisions of the Bureau of Prisons regarding the execution of his
7 sentence.

8 If Defendant breaches this Plea Agreement at any time by appealing or collaterally
9 attacking (except as to effectiveness of legal representation) the conviction or sentence in
10 any way, the United States may prosecute Defendant for any counts, including those with
11 mandatory minimum sentences, that were dismissed or not charged pursuant to this Plea
12 Agreement.

13 **17. Voluntariness of Plea.** Defendant agrees that Defendant has entered into
14 this Plea Agreement freely and voluntarily and that no threats or promises, other than the
15 promises contained in this Plea Agreement, were made to induce Defendant to enter this
16 of guilty.

17 **18. Statute of Limitations.** In the event this Agreement is not accepted by the
18 Court for any reason, or Defendant has breached any of the terms of this Plea Agreement,
19 the statute of limitations shall be deemed to have been tolled from the date of the Plea
20 Agreement to: (1) thirty (30) days following the date of non-acceptance of the Plea
21 Agreement by the Court; or (2) thirty (30) days following the date on which a breach of
22 the Plea Agreement by Defendant is discovered by the United States Attorney's Office.


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1 **19. Completeness of Agreement.** The United States and Defendant
2 acknowledge that these terms constitute the entire Plea Agreement between the parties.
3 This Agreement binds only the United States Attorney's Office for the Western District
4 of Washington. It does not bind any other United States Attorney's Office or any other
5 office or agency of the United States, or any state or local prosecutor.

6 DATED: March 20, 2017.

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9 
10 CHRIS YOUNG YOO
11 Defendant

12 
13 MICHELLE PETERSON
14 Attorney for Defendant

15 
16 SETH WILKINSON
17 Assistant United States Attorney